PATENT
Docket No. EMT-003

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE:
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

APPLICANTS:	Schneur et al.	CONF. NO.:	1565
APPL. NO.:	10/081,411	ART UNIT:	3627
FILING DATE:	February 20, 2002	EXAMINER:	M. Shaawat
TITLE:	Auction management with business volume discount		

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SECOND APPEAL BRIEF

Through the enclosed Petition, Applicants respectfully request a one-month extension of the date for reply to July 9, 2009. Please charge the fee for the extension, the fees specified in 37 C.F.R. §§ 1.17(a)(1) and 41.20(b)(2), and any additional required fees to Deposit Account No. 07-1700 under reference "EMT-003."

REAL PARTY IN INTEREST

The real party in interest is the owner of the present application, Emptoris, Inc.

RELATED APPEALS AND INTERFERENCES

No other appeals or interferences directly affect or will be directly affected by the Board's decision in the present appeal.

STATUS OF CLAIMS

The application as filed contained 14 claims, and in an amendment filed on October 20, 2006, we added claims 15–20. Claims 1–20 remain pending, have been rejected, and are the subject of this appeal.

STATUS OF AMENDMENTS

No amendments have been filed subsequent to the Office Action mailed on January 2, 2009.

SUMMARY OF CLAIMED SUBJECT MATTER

A buyer opens a conventional reverse auction by distributing a "request-for-quotation" ("RFQ") to prospective suppliers. The RFQ contains a list of the items the buyer would like to purchase. In some cases, the RFQ contains additional information pertinent to the proposed transaction, such as minimum or maximum quantities, delivery dates, or standards of quality.

In response to the RFQ, prospective suppliers submit bids. The buyer then chooses which of those suppliers are to be awarded the bid. The optimal combination of suppliers,

together with the list of items to be ordered from each supplier, is referred to as an "optimal award schedule."

Were price the sole concern, the buyer would simply select the supplier offering the lowest price per item. The present invention, however, is directed toward complex transactions involving non-price considerations. For example, a supplier's price for an item can be made to depend on the quantity of that item purchased. Or, the supplier may give one price for a bundle of disparate items, in which case it is unclear how to allocate this price among the items.

In addition, the invention permits other, less clearly quantifiable factors to be considered. For example, the buyer's purchase decision may turn on the quality of goods or the reputation of the supplier for reliability, or the supplier's solvency. The buyer may also have internally generated policies, or business rules, that further constrain which suppliers can be awarded a bid.

Independent claim 1 of the present invention is directed to a computer-implemented method for determining an optimal award schedule for satisfying a purchase requisition.[1] A plurality of bids are received over a computer network from each of a corresponding plurality of candidate suppliers.[2] An explicit offer of a business-volume discount is received over the computer network from a candidate supplier,[3] the discount being triggered when a purchase from the candidate supplier of at least one unit of a first qualifying item and at least one unit of a second qualifying item has an aggregated volume within a defined volume interval.[4] Utilizing the explicit offer of a business volume discount,[5] a processor determines an optimal award

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1 Specification at pg. 3, ln. 10–11.
2 Specification at pg. 3, ln. 15–16.
3 Specification at pg. 3, ln. 17–19.
4 Specification at pg. 3, ln. 19–21.
5 Specification at pg. 29, ln. 12–pg. 30, ln. 9.

schedule[6] comprising an optimal combination of suppliers and a list of items to be ordered from each supplier to at least partially satisfy the purchase requisition.[7]

Independent claim 8 is directed toward a computer-readable media having encoded thereon software for satisfying a purchase requisition.[8] The software includes instructions for receiving, from each of a plurality of candidate suppliers, a corresponding plurality of bids.[9] The software also includes instructions for receiving, from a candidate supplier, an explicit offer of a business-volume discount that is triggered when a purchase from the candidate supplier of at least one unit of a first qualifying item and at least one unit of a second qualifying item has an aggregated volume within a defined volume interval.[10] The software also includes instructions for determining by a processor an optimal award schedule[11] comprising an optimal combination of suppliers and a list of items to be ordered from each supplier to at least partially satisfy the purchase requisition[12] utilizing the explicit offer of a business volume discount.[13]

GROUNDS FOR REJECTION TO BE REVIEWED ON APPEAL

The issues on appeal are: (1) whether claims 8–14 and 19–20 are unpatentable under 35 U.S.C. § 101 as directed to non-statutory subject matter, i.e., a computer program; and (2) whether claims 1–20 are unpatentable under 35 U.S.C. § 102(e) over U.S. Patent Application Publication No. 2003/0004850 to Li et al. ("Li").

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6 Specification at pg. 4, ln. 4–5; .
7 Specification at pg. 2, ln. 5–6.
8 Specification at pg. 8, ln. 7–12.
9 Specification at pg. 3, ln. 15–16.
10 Specification at pg. 3, ln. 19–21.
11 Specification at pg. 4, ln. 4–5; .
12 Specification at pg. 2, ln. 5–6.
13 Specification at pg. 29, ln. 12–pg. 30, ln. 9.

ARGUMENT

A. Rejection Under 35 U.S.C. § 101

1. Claims 8–14, 19 and 20

Claims 8–14, 19 and 20 were rejected under 35 U.S.C. § 101 because the claimed invention was said to be directed to non-statutory subject matter, i.e., a computer program. The Office Action claims that, "Software modules are non-statutory subject matter unless embodied within a computer-readable storage medium such as computer hard disk or the like" (emphasis added).[14]

First, claim 8 explicitly recites, "A computer-readable medium having encoded thereon software … , the software comprising instructions for… " (emphasis added). This element is also present in all of the claims that depend from independent claim 8, i.e., claims 9–14, 19 and 20. Accordingly, the rejection on its face is clear error, as it ignores the clear language of the claims.

Second, the Patent Office has explicitly sanctioned the patentability of "a claimed computer-readable medium encoded with a computer program" in those very words.[15] This rejection contradicts the Office's stated policy and is inconsistent with the claim language in several recently granted patents.[16] Accordingly, this rejection is clear error and should be withdrawn.

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[14] Office Action at 2.

[15] See MPEP 2106.01 ("a claimed computer-readable medium encoded with a computer program … is thus statutory") (emphasis added).

[16] See, e.g., claim 18 of U.S. Patent No. 7,512,987 ("A computer-readable medium holding program instructions for…").

B. Rejection under 35 U.S.C. § 102(e) over U.S. Pat. Appl. Publ. No. 2003/0004850

1. Claims 1–20

As a threshold matter, both the Li reference and this patent application were filed on behalf of the real party in interest in this appeal. Accordingly, we are very familiar with the contents of the Li reference and, as demonstrated below, Li does not anticipate the pending claims.

In particular, Li fails to teach, "determining by a processor an optimal award schedule comprising an optimal combination of suppliers and a list of items to be ordered from each supplier to at least partially satisfy the purchase requisition utilizing the explicit offer of a business volume discount", as is required by independent claim 1 and independent claim 8 (emphasis added). For clarity, this requires: (1) the determination of an optimal award schedule utilizing (2) the explicit offer of a business volume discount.[17]

The present rejection is clear error because the Examiner relies on portions of Li that provide (1) or (2), and in some cases provide neither (1) nor (2). There is nothing cited that teaches (1) utilizing (2). This is because there is nothing in Li that teaches (1) utilizing (2). The "Detailed Description" of Li and this application are similar, but this application includes additional discussion at pp. 34–36 concerning the determination of an optimal award schedule utilizing the explicit offer of a business volume discount (i.e., (1) utilizing (2)). Li does not include the material appearing at pp. 34–36 of this application.

The Office Action of July 28, 2008 claimed that the Abstract and paragraphs [0006], [0016], and [0064] of Li satisfied the limitation at issue. The Abstract discusses the determination of an optimal award schedule but does not discuss the use of business volume

discounts in that determination (i.e., (1) but not (2)). Paragraph [0006] discusses the definition of an optimal award schedule, but again fails to mention the utilization of business volume discounts in that determination (i.e., (1) but not (2)). Paragraphs [0016] and [0064] discuss the computation of an optimal award schedule, but neither discusses the use of business volume discounts in that computation (i.e., (1) but not (2)).

The Office Action of January 2, 2009 repeated the claim that the Abstract and paragraphs [0006], [0016], and [0064] of Li satisfied the limitation at issue, and also claimed that paragraphs [0114]–[0117], [0124]–[0128], [0096], [0097], [0011]–[0014], [0006], [0007], and claims 27, 33, 38, 40, and 42 satisfy this limitation. None of these citations support the rejection. Specifically:

- Paragraphs [0114]–[0117] concern bids having volume discounts but do not discuss the computation of an optimal award schedule utilizing those business volume discounts (i.e., (2) but not (1)).
- Paragraphs [0124]–[0128] concern the analysis of bids by a buyer to determine an optimal award schedule, but do not discuss the use of business volume discounts in that computation (i.e., (1) but not (2)).
- Paragraphs [0096] and [0097] concern the buyer's creation of a Request for Quotation, but do not discuss either the determination of an optimal award schedule or the use of business volume discounts in that computation (i.e., neither (1) nor (2)).

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[17] To facilitate further discussion, these reference numbers are used in the discussion of Li.

- Of paragraphs [0011]–[0014], only paragraph [0014] mentions business volume discounts in the context of bids, not as used in the determination of an optimal award schedule (i.e., (2) but not (1)).

- Paragraphs [0006] and [0007] discuss the prior art process of determining an optimal award schedule where price is the buyer's sole concern, and do not discuss the determining an optimal award schedule utilizing the explicit offer of a business volume discount (i.e., (1) but not (2)).

- Claim 27 concerns the determination of an optimal award schedule but does not discuss utilizing a business volume discount in that determination (i.e., (1) but not (2)).

- Claim 33 concerns a bid having a business volume discount, not the determination of an optimal award schedule utilizing that offered business volume discount (i.e., (2) but not (1)).

- Claims 38, 40 and 42 concern the determination of an optimal award schedule, but not the determination of an optimal award schedule utilizing the explicit offer of a business volume discount (i.e., (1) but not (2)).

In the event of further rejections over the Li reference, it is worth noting <u>again</u> that: (1) the real party in interest here was responsible for the filing of the application that published as Li, and (2) there is no discussion of the determination of an optimal award schedule utilizing business volume discounts in Li. Any statement to the contrary is unsupported and clear error.

Accordingly, we respectfully submit that Li does not disclose or suggest "determining by a processor an optimal award schedule comprising an optimal combination of suppliers and a list

of items to be ordered from each supplier to at least partially satisfy the purchase requisition utilizing the explicit offer of a business volume discount." For at least this reason, independent claims 1 and 8 are patentable over Li, and the claims that depend therefrom are likewise patentable because they depend on a patentable base claim, and may also have additional patentable features.

CONCLUSION

For all of the foregoing reasons, we submit that the Examiner's rejections of claims 1–20 were erroneous, and reversal thereof is respectfully requested.

Respectfully submitted,

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CLAIMS APPENDIX

1. A computer-implemented method for determining an optimal award schedule for satisfying a purchase requisition, the method comprising:

receiving over a computer network, from each of a plurality of candidate suppliers, a corresponding plurality of bids;

receiving, from a candidate supplier over said computer network, an explicit offer of a business-volume discount that is triggered when a purchase from the candidate supplier of at least one unit of a first qualifying item and at least one unit of a second qualifying item has an aggregated volume within a defined volume interval; and

determining by a processor an optimal award schedule comprising an optimal combination of suppliers and a list of items to be ordered from each supplier to at least partially satisfy the purchase requisition utilizing the explicit offer of a business volume discount.

2. The method of claim 1, wherein receiving a business-volume discount offer comprises receiving a business-volume discount offer in which a business-volume discount is triggered on the basis of purchases of items belonging a first category of items and no business-volume discount is triggered on the basis of purchases of items belonging to a second category of items.

3. The method of claim 2, wherein receiving a corresponding plurality of bids comprises receiving, from the at least one candidate supplier, a first bid in which each item recited in the first bid belongs to no more that one item-category.

4. The method of claim 2, wherein receiving a corresponding plurality of bids comprises receiving, from the at least one candidate supplier, a first bid in which at least one item recited in the first bid belongs to both a first item-category and a second item-category.

5. The method of claim 4, wherein determining an optimal award schedule comprises constraining the optimal award schedule such that a purchase of the at least one qualifying item contributes to a business volume discount associated with at most one of the first and second item-categories.

6. The method of claim 1, wherein receiving an offer of a business-volume discount comprises receiving a business-volume discount offer that defines a plurality of volume intervals, each of the volume intervals being associated with a corresponding discount to be offered when the volume of an aggregate purchase of at least two qualifying items from the at least one candidate supplier is within the volume interval.

7. The method of claim 1, wherein receiving an offer of a business-volume discount comprises receiving a business-volume discount offer in which the defined volume interval has a lower bound defined by a volume threshold and no upper bound.

8. A computer-readable medium having encoded thereon software for satisfying a purchase requisition, the software comprising instructions for:

receiving, from each of a plurality of candidate suppliers, a corresponding plurality of bids;

receiving, from a candidate supplier, an explicit offer of a business-volume discount that is triggered when a purchase from the candidate supplier of at least one unit of a first

qualifying item and at least one unit of a second qualifying item has an aggregated volume within a defined volume interval; and

determining by a processor an optimal award schedule comprising an optimal combination of suppliers and a list of items to be ordered from each supplier to at least partially satisfy the purchase requisition utilizing the explicit offer of a business volume discount.

9. The computer-readable medium of claim 8, wherein the instructions for receiving a business-volume discount offer comprise instructions for receiving a business-volume discount offer in which a business-volume discount is triggered on the basis of purchases of items belonging a first category of items and no business-volume discount is triggered on the basis of purchases of items belonging to a second category of items.

10. The computer-readable medium of claim 9, wherein the instructions for receiving a corresponding plurality of bids comprise instructions for receiving, from the at least one candidate supplier, a first bid in which each item recited in the first bid belongs to no more than one item-category.

11. The computer-readable medium of claim 9, wherein the instructions for receiving a corresponding plurality of bids comprise instructions for receiving, from the at least one candidate supplier, a first bid in which at least one item recited in the first bid belongs to both a first item-category and a second item-category.

12. The computer-readable medium of claim 11, wherein the instructions for determining an optimal award schedule comprise instructions for constraining the optimal award schedule such

that a purchase of the at least one qualifying item contributes to a business volume discount associated with at most one of the first and second item-categories.

13. The computer-readable medium of claim 8. wherein the instructions for receiving an offer of a business-volume discount comprise instructions for receiving a business-volume discount offer that defines a plurality of volume intervals, each of the volume intervals being associated with a corresponding discount to be offered when the volume of an aggregate purchase of at least qualifying two items from the at least one candidate supplier is within the volume interval.

14. The computer-readable medium of claim 8, wherein the instructions for receiving an offer of a business-volume discount comprise instructions for receiving a business-volume discount offer in which the defined volume interval has a lower bound defined by a volume threshold and no upper bound.

15. The method of claim 1 further comprising imposing, by a party other than a candidate supplier, a private buyer constraint prior to determining the optimal award schedule.

16. The method of claim 15 further comprising changing an imposed private buyer constraint and redetermining the optimal award schedule using the changed private buyer constraint.

17. The method of claim 1 further comprising storing a supplier profile corresponding to a candidate supplier.

18. The method of claim 17 wherein determining an optimal award schedule considers a stored supplier profile corresponding to a candidate supplier.

19. The computer-readable medium of claim 8 further comprising instructions for imposing, by a party other than a candidate supplier, a private buyer constraint prior to determining the optimal award schedule.

20. The computer-readable medium of claim 8 further comprising instructions for storing a supplier profile corresponding to a candidate supplier.

EVIDENCE APPENDIX

There has been no evidence submitted under 37 C.F.R. §§ 1.130–32 in this case.

RELATED PROCEEDINGS APPENDIX

There have been no proceedings related to this case.